

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**Financial Statements with Supplementary Information****As of and for the Year Ended June 30, 2010****(With Independent Auditors' Report Thereon)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

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GRIFFIN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Stephen M. Griffin, CPA

Robert J. Furman, CPA

**Board of Commissioners
Natchitoches Levee and Drainage District
Natchitoches, Louisiana**

We have audited the accompanying basic financial statements of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year then ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of management of the Natchitoches Levee and Drainage District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Levee and Drainage District as of June 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2010, on our consideration of the Natchitoches Levee and Drainage District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 2 through 5 and 12, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Natchitoches Levee and Drainage District taken as a whole. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Griffin & Company, LLC

August 30, 2010

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis

June 30, 2010

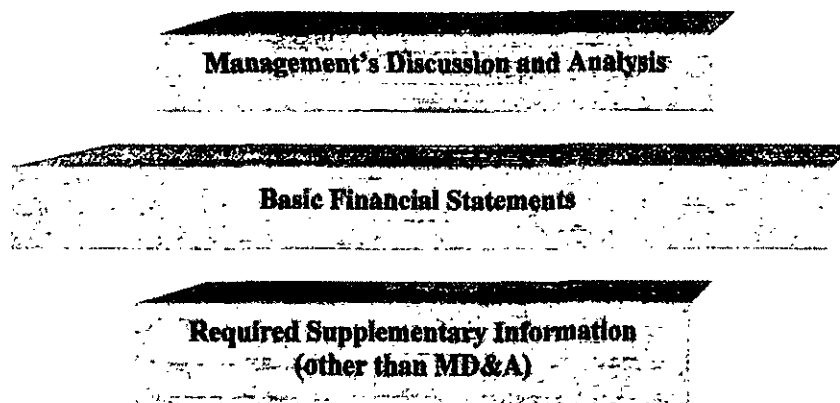
The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the period from July 1, 2009 to June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the District's financial statements.

Financial Highlights

- The District's assets exceeded its liabilities at the close of fiscal year 2010 by \$1,043,623. Assets consist primarily of cash, certificates of deposit, and equipment. Net assets increased by \$63,699 or 6.5% compared to the prior fiscal year.
- The District's revenues totaled \$615,571 for the year ended June 30, 2010. These revenues are comprised primarily of taxes, state revenue sharing, and interest income. Revenues increased \$87,598 or 16.6% compared to the prior fiscal year.
- The District's expenditures totaled \$551,872 for the year ended June 30, 2010. These expenditures are comprised primarily of personnel services and operating services. Expenditures increased \$36,117 or 7.0% compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis, Continued

June 30, 2010

Basic Financial Statements

The basic financial statements present information for the Districts as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Financial Analysis of the Entity

Statement of Net Assets
As of June 30, 2010

Current and other assets	\$ 1,016,535
Capital assets, net	<u>184,719</u>
Total assets	<u>1,201,254</u>
Other current liabilities	15,376
Compensated absences payable	14,452
Other post employment benefits payable	94,496
Capital lease obligations	<u>33,307</u>
Total liabilities	<u>157,631</u>
Net assets:	
Invested in capital assets, net of debt	184,719
Unrestricted	<u>858,904</u>
Total Net Assets	<u>1,043,623</u>
Total liabilities and net assets	<u>\$ 1,201,254</u>

Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the District increased by \$63,699 or 6.5%, from June 30, 2009 to June 30, 2010. The increase is the result of an increase in the amount of ad valorem taxes received during the year.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis, Continued

As of June 30, 2010

**Statement of Activities
For the Year Ended June 30, 2010
(in thousands)**

Expenses	\$ 551,872
Program revenues	<u>-</u>
Operating loss	(551,872)
General revenues	<u>615,571</u>
Net increase net assets	<u>\$ 63,699</u>

The District's total revenues increased by \$87,598 or 16.6%. The total cost of all programs and services increased by \$36,117 or 7.0%.

Capital Asset and Debt Administration

Capital Assets

At the end of 2010, the District had \$184,719 invested in capital assets which primarily consists of equipment and vehicles.. This amount represents a net increase (including additions) of \$68,021, or 58.3%, over last year.

This year's major additions included:

- \$68,438 of tractors
- \$26,127 of vehicles

Debt

The District has obligations for compensated absences of \$14,452. The obligations decreased from \$15,127 for a decrease of \$675 or 4.4%.

The District has obligations for other post employment retirement benefits of \$94,496. The obligations increased from \$53,819 for an increase of \$40,677 or 75.6%.

The District has obligations under capital leases of \$33,307. The obligations increased from \$0 for a increase of \$33,307 or 100%.

Variations Between Actual and Budget Amounts

Revenues were \$67,871 over budget and expenditures were \$34,891 over budget.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis, Continued

June 30, 2010

Economic Factors and Next Year's Budget

The District's officials considered the following factors and indicators when setting next year's budget:

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The management of the District does not expect any significant changes in next year's results compared to the current year.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Statement of Net Assets

June 30, 2010

	<u>Assets</u>	
Cash & cash equivalents		\$ 1,015,770
Other assets		765
Capital assets (net of depreciation)		<u>184,719</u>
Total assets		\$ <u><u>1,201,254</u></u>
	Liabilities & Net Assets	
Liabilities:		
Accounts payable & accruals		\$ 15,376
Capital lease obligations		33,307
Compensated absences payable		14,452
Other post employment benefits payable		<u>94,496</u>
Total liabilities		157,631
 Net Assets:		
Invested in capital assets, net of related debt		184,719
Unrestricted		<u>858,904</u>
Total net assets		\$ <u><u>1,043,623</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Statement of Activities

For the Year Ended June 30, 2010

	<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	
Functions/Programs				
Governmental Activities:				
Personal services	279,907	-	-	(279,907)
Travel	11,878	-	-	(11,878)
Operating services	156,046	-	-	(156,046)
Supplies	35,176	-	-	(35,176)
Professional services	39,021	-	-	(39,021)
Interest expense	-	-	-	-
Depreciation	29,844	-	-	(29,844)
Total General Government	\$ 551,872	-	-	\$ (551,872)
General Revenues:				
Taxes				560,499
State revenue sharing				41,364
Interest income				8,100
Gain on disposal of assets				2,700
Miscellaneous				2,908
Total general revenues				615,571
Change in net assets				63,699
Net assets - beginning				979,924
Net assets - ending *				\$ 1,043,623

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Governmental Funds

Balance Sheet

June 30, 2010

Assets

Current Assets:

Cash & cash equivalents	\$ 1,015,770
Other assets	<u>765</u>

Total assets	\$ <u><u>1,016,535</u></u>
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Liabilities & Fund Balance

Current Liabilities:

Accounts payable & accrued expenses	\$ 15,376
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Total current liabilities	15,376
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Fund Balance:

Unreserved, reported in:	
General fund	<u>1,001,159</u>

Total liabilities & fund balance	\$ <u><u>1,016,535</u></u>
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See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

June 30, 2010

Total Governmental Fund Balances	\$ 1,001,159
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**Total Net Assets reported for governmental activities in the
statement of net assets is different because:**

**Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds:**

Building and building improvements, net of accumulated depreciation of \$7,374	4,916
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Automobiles and equipment, net of accumulated depreciation of \$292,430	179,803
	<hr/>

Total capital assets	184,719
	<hr/>

**Long-term liabilities, including compensated absences payable
OPEB payable, and capital lease obligations are not due and payable
in the current period and therefore are not reported in the fund
liabilities:**

Compensated absences payable	(14,452)
Other post employment benefits payable	(94,496)
Capital lease obligation	(33,307)
	<hr/>
	(142,255)
	<hr/>

Total Net Assets of Governmental Activities	\$ 1,043,623
	<hr/>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
TENSAS BASIN LEVEE DISTRICT**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2009

Revenues:	
Taxes	\$ 560,499
Intergovernmental	
State revenue sharing	41,364
Interest income	8,100
Miscellaneous	<u>2,908</u>
Total revenues	<u>612,871</u>
Expenditures:	
General government	
Personal services	239,905
Travel	11,878
Operating services	156,046
Supplies	35,176
Professional services	39,021
Capital Outlay	
Equipment and vehicles	<u>97,865</u>
Total expenditures	<u>579,891</u>
Excess of revenues over expenditures	<u>32,980</u>
Other Financing Sources (Uses):	
Proceeds from capital lease obligation	68,438
Proceeds from sale of capital assets	2,700
Capital lease obligation payments	<u>(35,131)</u>
Total other financing sources (uses)	<u>36,007</u>
Net change in fund balance	68,987
Fund balance, beginning of year	<u>932,172</u>
Fund balance, end of year	<u>\$ 1,001,159</u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and
Fund Balance - Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2010

Net Change in Fund Balances - total governmental funds **\$ 68,987**

**The change in net assets reported for governmental activities in the
statement of activities is different because:**

**Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense:**

Capital asset additions	97,865
Depreciation expense	<u>(29,844)</u>
	<u>68,021</u>

**In the Statement of Activities compensated absences and other post
employee benefits are accrued, whereas in the governmental
funds, these expenditures are reported when due** **(40,002)**

**Governmental funds report principal repayments as expenditures.
However, these amounts are not in the statement of activities but
reduces the liability in the statement of net assets. These amounts
relate to capital lease obligations of the District** **35,131**

**Governmental funds report debt proceeds as revenues. However,
these amounts are not in the statement of activities but increase
liability in the statement of net assets. These amounts relate to
capital lease obligations of the District.** **(68,438)**

Change in Net Assets of Governmental Activities **\$ 63,699**

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended June 30, 2010

	Budget Amounts Original/ Final	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:			
Taxes	\$ 462,000	\$ 560,499	\$ 98,499
Intergovernmental	40,000	41,364	1,364
Interest Income	43,000	8,100	(34,900)
Miscellaneous	-	2,908	2,908
Total revenues	<u>545,000</u>	<u>612,871</u>	<u>67,871</u>
Expenditures:			
General government			
Personal services	210,000	239,905	(29,905)
Travel	14,000	11,878	2,122
Operating services	165,000	156,046	8,954
Supplies	30,000	35,176	(5,176)
Professional services	31,000	39,021	(8,021)
Capital Outlay	95,000	97,865	(2,865)
Total expenditures	<u>545,000</u>	<u>579,891</u>	<u>(34,891)</u>
Excess of revenues over expenditures	-	32,980	32,980
Other financing sources (uses)	-	36,007	36,007
Net change in fund balance	-	68,987	68,987
Fund balance, beginning	<u>932,172</u>	<u>932,172</u>	-
Fund balance, ending	<u>\$ 932,172</u>	<u>\$ 1,001,159</u>	<u>\$ 68,987</u>

See independent auditors' report.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

(a) Introduction

The Natchitoches Levee and Drainage District and its Board of Commissioners was created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 38:291(H). The Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana Statute. The eight members of the Board of Commissioners, which governs the District, are appointed by the governor of the State of Louisiana.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net asset) report information on all of the non-fiduciary activities of the District. For the most part, interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

(c) Measurement Focus, Basis of Accounting, and Financial Basis Presentation

The government-wide financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available only if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, royalties, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus, Basis of Accounting, and Financial Basis Presentation, Continued

current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District has a General Fund only which is classified as a governmental fund type. The District has no proprietary or other fund types.

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District.

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In addition, it has been determined that the District is a component unit of the State of Louisiana for financial reporting purposes. Annually, the State of Louisiana (the primary government) issues general-purpose financial statements, which include the activity contained in the accompanying financial statements.

(d) Assets, Liabilities, and Net Assets

Deposits with Financial Institutions

For reporting purposes, cash and cash equivalents includes amounts in savings, demand deposits, time deposits, and certificates of deposit. Under state law, the District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Liabilities, and Net Assets, Continued

Deposits with Financial Institutions, Continued

and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including negotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Receivables and Bad Debts

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

Capital Assets

Capital assets, which include property, plant, and equipment, are included on the Statement of Net Assets and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated for financial reporting purposes using the straight-line method over the following useful lives of the asset:

<u>Description</u>	<u>Years</u>
Buildings and building improvements	10
Vehicles	5
Equipment	7-10

Inventories

Inventories of the District are recorded at cost and recognized as expenditures when purchased.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Liabilities, and Net Assets, Continued

Compensated Absences

The District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken. The government-wide financial statements present the cost of accumulated sick leave as a liability. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay this amount when employees separate from service.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Assets, Liabilities, and Net Assets, Continued

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(2) Stewardship, Compliance, and Accountability

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting, with the exception that the gain or loss resulting from adjusting the carrying value of investments to fair market value is not included in the budget as a revenue or expense. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year-end.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget
3. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>Appropriations</u>
Original approved budget	\$ 545,000
Amendments	<u> </u>
Final approved budget	\$ <u>545,000</u>

(3) Deposits With Financial Institutions

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equals the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts.

The deposits at June 30, 2010 consist of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book balance of bank accounts	\$ <u>80,021</u>	<u>935,749</u>	<u>1,015,770</u>
Deposits in bank accounts per bank	\$ <u>89,721</u>	<u>935,749</u>	<u>1,025,470</u>

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(3) Deposits With Financial Institutions, Continued

The District's deposits were not exposed to custodial credit risk. The following is a breakdown by banking institution and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Peoples State Bank	\$ 89,720
Citizens Business Bank	98,739
RBS Citizens, National Association	248,500
State Bank of Long Island	150,170
Towne Bank	247,750
The PrivateBank and Trust Company	50,000
Crossroads Bank	<u>140,591</u>
Total	\$ <u>1,025,470</u>

(4) Capital Assets

A summary of the District's capital assets at June 30, 2010 follows:

The following is a summary of changes in the general fixed assets account group during the period from July 1, 2009 to June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital Assets, not being depreciated:				
Land	\$ -	-	-	-
Capital Assets, being depreciated:				
Automobiles & equipment	464,131	97,865	(89,764)	472,232
Less accum. depreciation	<u>(353,578)</u>	<u>(28,615)</u>	<u>89,764</u>	<u>(292,429)</u>
Total automobiles & equipment	<u>110,553</u>	<u>69,250</u>	<u>-</u>	<u>179,803</u>
Buildings & improvements	12,290	-	-	12,290
Less accum. depreciation	<u>(6,145)</u>	<u>(1,229)</u>	<u>-</u>	<u>(7,374)</u>
Total buildings & improvements, net	<u>6,145</u>	<u>(1,229)</u>	<u>-</u>	<u>4,916</u>
Capital Assets being depreciated, Net	<u>116,698</u>	<u>68,021</u>	<u>-</u>	<u>184,719</u>
Total Governmental Activities Capital Assets, Net	\$ <u>116,698</u>	<u>68,021</u>	<u>-</u>	<u>184,719</u>

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(5) Accounts Payable and Accruals

Payables at June 30, 2010 were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other Payables</u>	<u>Total Payables</u>
General Fund	\$ <u>9,276</u>	<u>6,100</u>	<u>-</u>	<u>15,376</u>

(6) Compensated Absences

At June 30, 2010, employees of the District had accumulated \$14,452, in annual leave benefits, which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated leave benefits for the year ended June 30, 2010:

Compensated absences payable, beginning of year	\$ 15,127
Additions	6,055
Reductions	<u>(6,730)</u>
Compensated absences payable, end of year	\$ <u>14,452</u>

(7) Retirement System

Substantially all of the employees of the District are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(7) Retirement System, Continued

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006, have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2009 Financial Statements. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members hired before July 1, 2006 and after July, 2006 are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate was 18.6%, 18.5% and 20.4% of annual covered payroll in fiscal years ended June 30, 2010, 2009, and 2008, respectively. The District's contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$26,121, \$24,273 and \$17,137, respectively, equal to the required contributions for each year.

(8) Post Retirement Health Care and Life Insurance Benefits

Plan Description. The District's employees may participate in the Natchitoches Levee and Drainage District's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2010) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(8) Post Retirement Health Care and Life Insurance Benefits, Continued

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883 and are on a pay as you go basis. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan, and the United Exclusive Provider Organization (EPO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans which includes three HMO plans and two private fee-for-service plans. Administrative costs of the OPEB Plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage. The following is a summary of plan provisions:

Plan Provisions. Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2009-2010 are shown below. Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Total monthly per capita premium equivalent rates for 2009-2009 are as follows:

	<u>PPO</u>	<u>HMO</u>	<u>EPO</u>
Single Active	\$558.64	\$536.36	\$581.04
Retired without Medicare			
Single	\$1,039.28	\$997.72	\$1,080.80
With Spouse	\$1,835.20	\$1,761.72	\$1,908.56
Retired with 1 Medicare			
Single	\$337.96	\$324.44	\$351.48
With Spouse	\$1,248.72	\$1,198.68	\$1,298.64
Retired with 2 Medicare			
With Spouse	\$607.48	\$583.16	\$631.72

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements, Continued

June 30, 2010

(8) Post Retirement Health Care and Life Insurance Benefits, Continued

All members who retire on or after July 1, 1997 must have Medicare Parts A and B in order to qualify for the reduced premium rates.

Medicare Supplemental Rates are as follows:

	Retired with	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana HMO	\$149.00	\$298.00
Peoples Health	\$142.00	\$284.00
Vantage	\$165.00	\$330.00
Humana FFS	\$165.00	\$330.00
Secure Horizons Medicare Direct	\$198.00	\$396.00

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty year. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2009 is \$56,500.

The following table shows the components of the District's net OPEB obligation:

	<u>6/30/10</u>	<u>6/30/09</u>
Net OPEB obligation – beginning of year	\$ 53,819	-
Annual required contribution	56,500	64,600
Interest on Net OPEB Obligation	2,200	-
Adjustment to Annual Required Contribution	<u>(2,100)</u>	<u>-</u>
Annual OPEB cost (expense)	56,600	64,400
Contributions made (retiree cost)	<u>(15,923)</u>	<u>(10,871)</u>
Net OPEB obligation – end of year	\$ <u>94,496</u>	<u>53,819</u>

Utilizing the pay-as-you-go method, the District contributed 0% of the annual post-employment benefits cost during 2010.

Funded Status and Funding Progress. As of June 30, 2010, the District did not have an OPEB trust. A trust was established with an effective date of July 1, 2009, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$914,300 was unfunded.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2010

(8) Post Retirement Health Care and Life Insurance Benefits, Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented below as required supplementary information is intended to provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Required Supplementary Information
Schedule of Funding Progress**

Actuarial valuation date		7/1/2009	7/1/2008
Actuarial value of assets	a	-	-
Actuarial accrued liability (AAL)	b	\$ 914,300	1,044,100
Unfunded AAL (UAAL)	b-a	\$ 914,300	1,044,100
Funded ratio	a/b	0%	0%
Covered payroll	c	\$ 126,200	134,625
UAAL as a % of covered payroll	b-a/c	724%	776%

For the two valuation periods above, the unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.5% and 9.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Natchitoches Levee and Drainage District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

(9) Leases

The Natchitoches Levee and Drainage District was obligated under two capital leases at June 30, 2010. Future minimum lease commitments under these leases amounted to \$35,134 at June 30, 2010 and these payments are all due in the 2011 fiscal year. Included in these payments is \$1,827 of interest on the capital lease obligation.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2010

(10) Long-Term Liabilities

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	Balance June 30, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2010</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 15,127	6,056	(6,731)	14,452	-
Capital lease obligations	-	68,438	(35,131)	33,307	33,307
OPEB payable	<u>53,819</u>	<u>56,600</u>	<u>(15,923)</u>	<u>94,496</u>	<u>-</u>
Total long-term liabilities	\$ <u>68,946</u>	<u>131,094</u>	<u>(57,785)</u>	<u>142,255</u>	<u>33,307</u>

(11) Levee District Taxes

Article 6, Section 30 of the 1974 Louisiana Constitutions provides that the District may levy an annual tax not to exceed 5.0 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. For the 2010 taxes levied on the assessed value of property within the District, the adjusted mileage rate was set at 4.22 mills.

(12) Risk Management

The Natchitoches Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage to protect against each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

(13) Contingent Liabilities

There was no outstanding litigation against the Natchitoches Levee and Drainage District at June 30, 2010.

(14) Related Party Transactions

The Natchitoches Levee and Drainage District had no related party transactions in the year ended June 30, 2010.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Schedule of Commissioners' Per Diem

For the Year Ended June 30, 2010

<u>Name</u>	<u>Amount</u>
Adolph Sklar, Jr.	\$ 900
Billy Giddens	750
Charles Brazzel, Jr.	600
Doris Roge	900
Janet Jones	900
Karlton Methvin, President	12,000
Mark Swafford	525
Rayburn Smith	<u>375</u>
	\$ <u><u>16,950</u></u>

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2010

C O N T E N T S

AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix B)	C
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A.	Summary of Significant Accounting Policies	
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AA.	Prior-Year Restatement of Net Assets	
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**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2010**

Statement A

-)
DD. Employee Termination Benefits
EE. Pollution Remediation Obligations
FF. American Recovery and Reinvestment Act (ARRA)

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non-GAAP Basis (applicable only for entities whose budget is appropriated by the legislature)
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors (see Appendix H)

Appendix

- A General Instructions for Preparation of the Consolidated BTA AFR
- B Instructions for the Simplified Statement of Activities
- C Information for Note C – Deposits with Financial Institutions & Investments
- D Information for Note I – Other Postemployment Benefits
- E Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)
- F Information for Note BB – Net Assets Restricted by Enabling Legislation
- G Information for Note CC – Impairment of Capital Assets
- H Information for Schedule 16 – Cooperative Endeavors

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2010

Natchitoches Levee and Drainage District
P.O. Box 1036
Natchitoches, Louisiana 71458

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us


Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Ronald Corkern, Assistant Secretary of Natchitoches Levee and Drainage District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Natchitoches Levee and Drainage District at June 30, 2010 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 26th day of August, 2010.


Signature of Agency Official


NOTARY PUBLIC
ROBERT A. KIRK
ESBA #21333

Prepared by: Robert J. Furman, CPA

Title: Partner, Griffin & Company, LLC

Telephone No.: 985-727-9924

Date: August 26, 2010

Email Address: rfurman@griffinandco.com

STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis

June 30, 2010

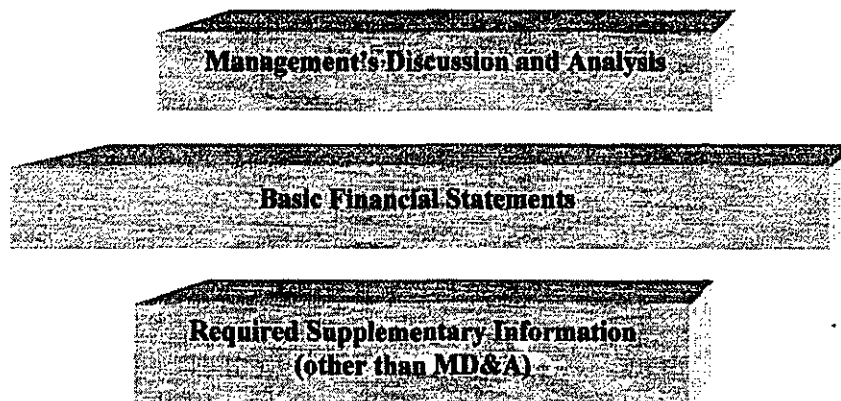
The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the period from July 1, 2009 to June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the District's financial statements.

Financial Highlights

- The District's assets exceeded its liabilities at the close of fiscal year 2010 by \$1,043,623. Assets consist primarily of cash, certificates of deposit, and equipment. Net assets increased by \$63,699 or 6.5% compared to the prior fiscal year.
- The District's revenues totaled \$615,571 for the year ended June 30, 2010. These revenues are comprised primarily of taxes, state revenue sharing, and interest income. Revenues increased \$87,598 or 16.6% compared to the prior fiscal year.
- The District's expenditures totaled \$551,872 for the year ended June 30, 2010. These expenditures are comprised primarily of personnel services and operating services. Expenditures increased \$36,117 or 7.0% compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis, Continued

June 30, 2010

Basic Financial Statements

The basic financial statements present information for the Districts as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Financial Analysis of the Entity

Statement of Net Assets
As of June 30, 2010

Current and other assets	\$ 1,016,535
Capital assets, net	<u>184,719</u>
Total assets	<u>1,201,254</u>
Other current liabilities	15,376
Compensated absences payable	14,452
Other post employment benefits payable	94,496
Capital lease obligations	<u>33,307</u>
Total liabilities	<u>157,631</u>
Net assets:	
Invested in capital assets, net of debt	184,719
Unrestricted	<u>858,904</u>
Total Net Assets	<u>1,043,623</u>
Total liabilities and net assets	<u>\$ 1,201,254</u>

Unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the District increased by \$63,699 or 6.5%, from June 30, 2009 to June 30, 2010. The increase is the result of an increase in the amount of ad valorem taxes received during the year.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis, Continued

As of June 30, 2010

Statement of Activities
For the Year Ended June 30, 2010
(in thousands)

Expenses	\$ 551,872
Program revenues	<u>-</u>
Operating loss	(551,872)
General revenues	<u>615,571</u>
Net increase net assets	<u><u>\$ 63,699</u></u>

The District's total revenues increased by \$87,598 or 16.6%. The total cost of all programs and services increased by \$36,117 or 7.0%.

Capital Asset and Debt Administration

Capital Assets

At the end of 2010, the District had \$184,719 invested in capital assets which primarily consists of equipment and vehicles.. This amount represents a net increase (including additions) of \$68,021, or 58.3%, over last year.

This year's major additions included:

- \$68,438 of tractors
- \$26,127 of vehicles

Debt

The District has obligations for compensated absences of \$14,452. The obligations decreased from \$15,127 for a decrease of \$675 or 4.4%.

The District has obligations for other post employment retirement benefits of \$94,496. The obligations increased from \$53,819 for an increase of \$40,677 or 75.6%.

The District has obligations under capital leases of \$33,307. The obligations increased from \$0 for a increase of \$33,307 or 100%.

Variations Between Actual and Budget Amounts

Revenues were \$67,871 over budget and expenditures were \$34,891 over budget.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis, Continued

June 30, 2010

Economic Factors and Next Year's Budget

The District's officials considered the following factors and indicators when setting next year's budget:

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The management of the District does not expect any significant changes in next year's results compared to the current year.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2010**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,015,770
Restricted Cash and Cash Equivalents	
Investments	
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	1,015,770

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	
Buildings and improvements	4,916
Machinery and equipment	179,803
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	765
Total noncurrent assets	185,484
Total assets	\$ 1,201,254

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 15,376
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	33,307
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	48,683

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	14,452
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	94,496
Other long-term liabilities	
Total noncurrent liabilities	108,948
Total liabilities	157,631

NET ASSETS

Invested in capital assets, net of related debt	184,719
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	858,904
Total net assets	1,043,623
Total liabilities and net assets	\$ 1,201,254

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Statement B

OPERATING REVENUE	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	_____
OPERATING EXPENSES	
Cost of sales and services	242,121
Administrative	279,907
Depreciation	29,844
Amortization	_____
Total operating expenses	551,872
Operating income(loss)	(551,872)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	41,364
Taxes	560,499
Use of money and property	8,100
Gain on disposal of fixed assets	2,700
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	2,908
Other expense	_____
Total non-operating revenues(expenses)	615,571
Income(loss) before contributions, extraordinary items, & transfers	63,699
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	63,699
Total net assets - beginning	979,924
Total net assets - ending	\$ 1,043,623

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Statement C

	Program Revenues				Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
Entity	\$ 551,872	\$ -	\$ -	\$ -	\$ (551,872)
General revenues:					
Taxes					560,499
State Revenue Sharing					41,364
Interest					8,100
Gain on disposal of assets					2,700
Miscellaneous					2,908
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					615,571
Change in net assets					63,699
Net assets - beginning as restated					979,924
Net assets - ending					\$ 1,043,623

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D
(continued)**

Cash flows from operating activities

Cash received from customers	\$	
Cash payments to suppliers for goods and services		(236,360)
Cash payments to employees for services		(239,792)
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		(476,152)

Cash flows from non-capital financing activities

State appropriations		
Ad valorem taxes		560,555
State revenue sharing		41,364
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on capital lease obligation		(35,131)
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		2,908
Net cash provided(used) by non-capital financing activities		569,696

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		(29,427)
Proceeds from sale of capital assets		2,700
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(26,727)

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		9,170
Net cash provided(used) by investing activities		9,170

Net increase(decrease) in cash and cash equivalents		75,987
Cash and cash equivalents at beginning of year		939,783
Cash and cash equivalents at end of year	\$	1,015,770

**STATE OF LOUISIANA
NATCHITOTCHES LEVEE AND DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D
(concluded)**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)	\$ (551,872)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation/amortization	29,844
Provision for uncollectible accounts	
Other	
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable, net	
(Increase)decrease in due from other funds	
(Increase)decrease in prepayments	
(Increase)decrease in inventories	
(Increase)decrease in other assets	
Increase(decrease) in accounts payable and accruals	5,874
Increase(decrease) in compensated absences payable	(675)
Increase(decrease) in due to other funds	
Increase(decrease) in deferred revenues	
Increase(decrease) in OPEB payable	40,677
Increase(decrease) in other liabilities	
Net cash provided(used) by operating activities	\$ (476,152)

Borrowing under capital lease(s)	\$ 68,438
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	\$ 68,438

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

INTRODUCTION

The Natchitoches Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291(H). The following is a brief description of the operations of Natchitoches Levee and Drainage District and includes the parish/parishes in which the Commission is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Natchitoches Levee and Drainage District present information only as to the transactions of the programs of the Natchitoches Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Natchitoches Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Commission are annual lapsing appropriations.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>545,000</u>
Amendments:	<u> </u> <u> </u> <u> </u>
Final approved budget	\$ <u>545,000</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Commission may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2010, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 80,021	\$ 935,749	\$	\$ 1,015,770
Deposits in bank accounts per bank	\$ 89,721	\$ 935,749	\$	\$ 1,025,470
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

NOTE:

The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Peoples State Bank	Operations	\$ 89,720
2. Citizens Business Bank	Operations	98,739
3. RBS Citizens, National Association	Operations	248,500
4. State Bank of Long Island	Operations	150,170
5. Towne Bank	Operations	247,750
6. The PrivateBank and Trust Company	Operations	50,000
7. Crossroads Bank	Operations	140,591
Total	40	\$ 1,025,470

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$	_____
Petty cash	\$	_____

- 2. INVESTMENTS - NOT APPLICABLE**
- 3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES - NOT APPLICABLE**
- 4. DERIVATIVES (GASB 53) - NOT APPLICABLE**
- 5. POLICIES**

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

The District does not have a policy regarding custodial credit risk, risk of debt investments, concentration of credit risk, interest rate risk, or foreign currency risk because it does not allow investments that would be subject to these types of losses.

- 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS - NOT APPLICABLE**

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

	Year ended June 30, 2010						
	Prior Period Adjustments			Adjusted Balance 6/30/2009	Additions	Transfers*	Retirements
	Balance 6/30/2009	Adj. after submitted to OSRAP (+/-)	Restatements (+/-)				
Capital assets not being depreciated							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software Development in Progress	-	-	-	-	-	-	-
Construction in progress (CIP)	-	-	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-	-	-
Other capital assets							
Machinery and equipment	464,131	-	-	464,131	97,865	-	(89,764)
Less accumulated depreciation	(353,578)	-	-	(353,578)	(28,615)	-	89,764
Total Machinery and equipment	110,553	-	-	110,553	69,250	-	-
Buildings and improvements	12,290	-	-	12,290	-	-	-
Less accumulated depreciation	(6,145)	-	-	(6,145)	(1,229)	-	-
Total buildings and improvements	6,145	-	-	6,145	(1,229)	-	-
Depreciable land improvements	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated and purchased)	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	-	-	-
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	116,698	-	-	116,698	68,021	-	-
Capital assets not being depreciated	-	-	-	-	-	-	-
Other capital assets, at cost	476,421	-	-	476,421	97,865	-	(89,764)
Total cost of capital assets	476,421	-	-	476,421	97,865	-	(89,764)
Less accumulated depreciation and amortization	(359,723)	-	-	(359,723)	(29,844)	-	89,764
Capital assets, net	\$ 116,698	\$ -	\$ -	\$ 116,698	\$ 68,021	\$ -	\$ -

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

E. INVENTORIES - NOT APPLICABLE

F. RESTRICTED ASSETS - NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Natchitoches Levee and Drainage District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE - NOT APPLICABLE

H. RETIREMENT SYSTEM

Substantially all of the employees of the Natchitoches Levee and Drainage District are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_08.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports_08.pdf)

Members are required by state statute to contribute with the single largest group (“regular members”) contributing 7.5% of gross salary, and the Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010, increased to 18.6% of annual covered payroll from the 18.5% and 20.4% required in fiscal years ended June 30, 2009 and 2008 respectively. The (BTA) contributions to the System for the years ending June 30, 2010, 2009, and 2008, were \$26,121, \$24,273, and \$17,137, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits.

Annual OPEB expense and net OPEB Obligation		6/30/2010
Fiscal year ending		
1. * ARC		\$ 56,500
2. * Interest on NOO (4%)		\$ 2,200
3. * ARC adjustment		\$ (2,100)
4. * Annual OPEB Expense (1. + 2. - 3.)		\$ 56,600
5. Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums)		\$ (15,923)
6. Increase in Net OPEB Obligation (4. - 5.)		\$ 40,677
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		\$ 53,819
8. **NOO, end of year (6. + 7.)		\$ 94,496

J. LEASES

1. OPERATING LEASES – NOT APPLICABLE

2. CAPITAL LEASES

Capital leases are recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	\$	\$	\$
b. Buildings			
c. Equipment	79,545	1,827	33,307
d. Land			
e. Other			
Total	\$ 79,545	\$ 1,827	\$ 33,307

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2030, create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2011	\$ 35,134
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
Total minimum lease payments	35,134
Less amounts representing executory costs	-
Net minimum lease payments	35,134
Less amounts representing interest	(1,827)
Present value of net minimum lease payments	\$ 33,307

SCHEDULE B -- NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$	\$	\$
b. Buildings			
c. Equipment	79,545	1,827	33,307
d. Land			
e. Other			
Total	\$ 79,545	\$ 1,827	\$ 33,307

STATE OF LOUISIANA
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2030, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	<u>Total</u>
2011	\$ 35,131
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
Total minimum lease payments	35,131
Less amounts representing executory costs	
Net minimum lease payments	35,131
Less amounts representing interest	(1,824)
Present value of net minimum lease payments	\$ 33,307

SCHEDULE C – LEAF CAPITAL LEASES – NOT APPLICABLE

- 3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE**
- 4. LESSOR – OPERATING LEASE – NOT APPLICABLE**

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	<u>Year ended June 30, 2010</u>			<u>Balance June 30, 2010</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>		
Notes and bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	15,127	6,056	6,731	14,452	-
Capital lease obligations	-	68,438	35,131	33,307	33,307
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	53,819	56,600	15,923	94,496	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	68,946	131,094	57,785	142,255	33,307
Total long-term liabilities	\$ 68,946	\$ 131,094	\$ 57,785	\$ 142,255	\$ 33,307

L. CONTINGENT LIABILITIES - NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS - NOT APPLICABLE

N. ACCOUNTING CHANGES - NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS - NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) - NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) - NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - NOT APPLICABLE

T. SHORT-TERM DEBT - NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES - NOT APPLICABLE

**STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2010, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 9,276	\$ 6,100	\$ -	\$ -	\$ 15,376
Total payables	\$ 9,276	\$ 6,100	\$ -	\$ -	\$ 15,376

W. SUBSEQUENT EVENTS - NOT APPLICABLE

X. SEGMENT INFORMATION - NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS - NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS - NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS - NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES - NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS - NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS - NOT APPLICABLE

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) - NOT APPLICABLE

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2010
(Fiscal close)**

[illegible]

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2010

<u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2011	\$ <u>35,131</u>	\$ <u>1,824</u>	\$ <u>33,307</u>	\$ <u>-</u>
2012	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2013	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2014	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2015	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2016-2020	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2021-2025	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2026-2030	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
2031-2035	<u> </u>	<u> </u>	<u> </u>	<u>-</u>
 Total	 \$ <u><u>35,131</u></u>	 \$ <u><u>1,824</u></u>	 \$ <u><u>33,307</u></u>	 \$ <u><u>-</u></u>

STATE OF LOUISIANA

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>615,571</u>	\$ <u>527,973</u>	<u>87,598</u>	\$ <u>16.6%</u>
Expenses	<u>551,872</u>	<u>515,755</u>	<u>(36,117)</u>	<u>(7.0%)</u>
2) Capital assets	<u>184,719</u>	<u>116,698</u>	<u>68,021</u>	<u>58.3%</u>
Long-term debt	<u>142,255</u>	<u>68,946</u>	<u>73,309</u>	<u>106.3%</u>
Net Assets	<u>1,043,623</u>	<u>979,924</u>	<u>63,699</u>	<u>6.5%</u>
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

SCHEDULE 15

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

**Board of Commissioners
Natchitoches Levee and Drainage District
Natchitoches, Louisiana**

We have audited the basic financial statements of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report dated August 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Levee and Drainage District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and management corrective action plan that we consider to be significant deficiencies in internal control over financial reporting (2010-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Levee and Drainage District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and management corrective action plan as item 2010-2.

This report is intended solely for the information and use of the Natchitoches Levee and Drainage District, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

August 30, 2010

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT
Schedule of Findings and Management Corrective Action Plan
For the Year Ended June 30, 2010

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2010-1)
 - b. Material Weaknesses – No
3. Compliance and Other Matters – Yes (2010-2)
4. No management letter was issued

Finding 2010-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Finding 2010-2:

Criteria:

In accordance with R.S. 39:1311, the administration of the District is responsible for monitoring revenues and controlling expenditures and is required to advise the governing authority in writing when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are exceeding the total budgeted expenditures and other uses by five percent or more.

Condition & Cause:

During the current year, expenditures of the District exceeded budgeted expenditures by 6.4%. This was the result of an unanticipated increases in personnel, travel, and professional services costs.

Recommendation:

We recommend the administration of the District monitor its revenues and expenditures in comparison to budget throughout the year and notify the governing authority in writing when variances greater than 5% are anticipated. We also recommend the budget be amended in accordance with R.S. 39:1310 as these variances are encountered.

Management Corrective Action Plan:

Management agrees with the auditors' recommendation and will monitor the budget and actual results in the future to ensure compliance with the Louisiana Local Government Budget Act.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Status of Prior Audit Findings

June 30, 2010

There were no prior audit findings for the Natchitoches Levee and Drainage District.